

**441—185.109(234) Fiscal years 1997 and 1998 determination of rates.** Rules 441—185.102(234) to 441—185.107(234) are held in abeyance for purposes of establishing rates effective during the time period beginning July 1, 1996, to June 30, 1998. The subrules set forth below shall be considered to comply with rule 441—185.108(234) for the time period they are in effect. Rates to be effective July 1, 1996, shall be established based on the rate in effect as of June 30, 1996, plus an index factor of 2 percent. Rates to be effective July 1, 1997, shall be established based on the rates in effect as of June 30, 1997. Any increases in rates to be effective July 1, 1997, shall be subject to availability of funding.

**185.109(1) *New services.*** When a new provider contracts to provide rehabilitative treatment or supportive services or an existing provider adds a new service, the rate for the new services shall be established based on the weighted average rate.

*a.* The weighted average rate to be effective for new services provided from July 1, 1996, to June 30, 1997, shall be calculated as specified in paragraph 185.109(1) “*b*” based on the rates in effect on July 1, 1996. The weighted average rate to be effective for new services provided on or after July 1, 1997, shall be the weighted average rate in effect for the previous year plus any index factor which has been applied for the establishment of rates for the time period July 1, 1997, to June 30, 1998.

*b.* The formula for calculation of the weighted average rate shall be as follows:

The weighted average shall be computed by multiplying the rate for each similar service in effect as of July 1, 1996, by the number of units of each service provided to department clients. The products shall be totaled and divided by the total number of units provided to department clients as reported on the most recently submitted financial and statistical reports on which rates were established. All financial and statistical report data shall be annualized to provide equitable treatment of all provider rates. Rates not established through the use of the Rehabilitative Treatment and Supportive Services Financial and Statistical Report, Form 470-3049, shall not be considered when establishing the weighted average rate.

*c.* New rates shall only be established for services that a provider is not already providing. If a provider already has a rate for a similar service, the provider shall be required to use that rate for all similar services. If a provider has more than one rate for a similar service, the rate shall be the simple average of the rates in effect.

*d.* If there are less than four rates for a specific service, the department shall determine the rate for that service code by requiring financial and statistical reports reflecting the projected costs for the new service to be submitted in accordance with rules 441—185.102(234) to 441—185.107(234). When the costs are being submitted for a current provider adding a program not currently under a contract developed pursuant to 441—Chapter 152, the provider shall report the projected costs for the new service on a copy of the most recently submitted Financial and Statistical Report, Form 470-3049, on which rates have been established. This report shall show any adjustments to the Certification Page. The salary schedule, Schedule B, is to be adjusted on the correct line item for that position. Adjustments shall also be made to any line item on Schedule D-1 so that the dollar volume increase because of the new services is reflected on Schedule D-1.

The report of actual costs pursuant to paragraph 185.103(1) “*b*” shall be a report of costs only for the new service.

**185.109(2) *Transition provisions.***

*a.* If a provider has submitted an annual financial and statistical report but no rate has been established based on that report, the rate to be in effect July 1, 1996, shall be the rate in effect June 30, 1996, plus the 2 percent index factor.

*b.* If a provider has submitted a first actual financial and statistical report, but no rate has been established based on that report, the rate to be in effect July 1, 1996, shall be the projected rate in effect June 30, 1996, plus the 2 percent index factor.

*c.* If a provider has submitted a projected budget but no rate has been established based on that budget, the rate to be effective July 1, 1996, shall be the weighted average rate.

*d.* If a provider has had a rate of zero due to lack of utilization, the rate shall be established using the weighted average rate for that service upon request from the provider and to be effective the first of the month following receipt of the request.

**185.109(3) *Public agencies.*** Public agencies shall comply with paragraph 185.106(3) “*d*.”

**185.109(4) *Interruptions in a program.*** Interruptions in a program shall not affect the rate. If a provider assumes the delivery of a program from another provider, the rate shall remain the same as for the former provider. If a provider ceases to contract for and provide a service or program and later decides to again contract for and provide that program or service and has a contract for that service in effect within two years, the rate shall be established at the rate in effect when service was interrupted unless otherwise specified below. If the service was interrupted prior to July 1, 1996, and reinstated between July 1, 1996, and June 30, 1997, the rate shall be the rate in effect at the time of interruption plus 2 percent. If the service was interrupted prior to July 1, 1996, and the service is reinstated between July 1, 1997, and June 30, 1998, the rate shall be the rate in effect when the interruption occurred plus 2 percent and any index factor applied for rates effective July 1, 1997. If the service was interrupted after July 1, 1996, and is reinstated after July 1, 1997, the rate shall be the rate in effect when the interruption occurred and any index factor applied for rates effective July 1, 1997.

**185.109(5) *Maintenance of fiscal records.*** Subrules 185.102(1) to 185.102(3), rule 441—185.104(234), subrules 185.105(11) and 185.106(1), paragraph 185.106(3)“d,” and subrule 185.106(4) shall be used as the basis for maintenance of fiscal records.

**185.109(6) *Certified audits.*** Certified audits shall be conducted and the reports submitted to the department as set forth in subrule 185.102(4).

**185.109(7) *Billing.*** For billing purposes, subrule 185.106(4) remains in effect.

**185.109(8) *Rates for services provided on or after July 1, 1998.*** In absence of an alternative rate-setting methodology effective July 1, 1997, rules 441—185.102(234) to 441—185.107(234) shall be the basis of establishing rates to be effective for services provided on or after July 1, 1998.

*a.* In absence of a fixed fee schedule pursuant to rule 441—185.108(234) or other new rate-setting methodology set forth in rule, all providers, regardless of when their fiscal year ends, shall submit a Financial and Statistical Report, Form 470-3049, for the time period July 1, 1997, to December 31, 1997, based on the cost principles set forth in rule 441—185.101(234) to 441—185.107(234). This report shall be submitted no later than March 31, 1998. Rates based on reports submitted pursuant to this paragraph shall be effective no earlier than July 1, 1998, and no later than August 1, 1998, when the report is sufficient for the establishment of rates. However, if a provider with a contract in effect as of June 30, 1996, has a fiscal year which ends at the end of January, February, or March 1998, the provider shall submit the financial and statistical report for the time period July 1, 1997, through the end of the provider's fiscal year, 1998. The report shall be submitted no later than three months after the close of the provider's established 1998 fiscal year. Rates shall be effective no later than the first day of the second full month after receipt by the project manager of a complete financial and statistical report.

*b.* Failure by providers to submit the report within the established time frames without written approval from the chief of the bureau of purchased services or the chief's designee shall be cause to reduce the payment to 75 percent of the rate in effect June 30, 1998, or the weighted average rate as of July 1, 1997, whichever is less. Approval for an extension for the submission shall be granted only when the provider can demonstrate that there have been catastrophic circumstances prohibiting timely submission.

*c.* If an extension is granted, the rate in effect as of June 30, 1998, shall be continued until the new rate is established. If a new rate is not established by the date set forth by the chief of the bureau of purchased services or the chief's designee in the notice of approval of the request to extend the time frame for submission of the Financial and Statistical Report, Form 470-3049, the provider's rate in effect as of June 30, 1998, shall be reduced to 75 percent of the rate in effect June 30, 1998, or the weighted average rate as of July 1, 1997, whichever is less, until such time as the new rate can be established.

*d.* If a provider has submitted the report on time, but a rate cannot be established within four months of the original due date due to incomplete or erroneous information, payment shall be reduced to 75 percent of the rate in effect June 30, 1998, or the weighted average rate as of July 1, 1997, whichever is less, until such time as the new rate can be established.

*e.* All subsequent financial and statistical reports shall be submitted within the time frames established pursuant to subrule 185.103(1).

*f.* Rates for individual providers shall be established pursuant to subrule 185.103(7) with the exception of rates to be in effect July 1, 1998. Individual providers shall submit to the department the information required by subrule 185.103(7) no later than March 31, 1998, to establish rates to be effective July 1, 1998. Rates shall be recalculated annually on the anniversary of the effective date of the contract from that point forward.

**185.109(9) *Audit adjustments.*** If the department or its authorized representatives conduct an audit and the audit findings result in exceptions to costs and adjustment to the rate in effect June 30, 1996, and the June 30, 1996, rate was the basis of the rate established effective July 1, 1996, the July 1, 1996, rate shall be adjusted in accordance with the audit findings.

**185.109(10) *Liability for payment.*** The department shall not be liable for payment for any programs or services prior to the contract effective date or the effective date for the rate for the program or service.